

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 HA-05 CIAE-00 DODE-00 NSAE-00  
NSCE-00 SSO-00 USIE-00 INRE-00 PM-05 H-01 INR-10  
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FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC IMMEDIATE 2481

C O N F I D E N T I A L ASUNCION 955

EO 11652: GDS

TAGS: SHUM, PA

SUBJECT: IAHRC VISIT

REF STATE 59135, ASUNCION 902

1. PAPPALARDO TOLD ME MARCH 8 THAT THE COUNCIL OF ECONOMIC ADVISERS HAD MET WITH STROESSNER THAT MORNING TO DISCUSS WHAT TO DO ABOUT THE SEVERAL LOANS WHICH ARE STALLED BECAUSE OF THE IAHRC VISIT. (OTDAYS'S PRESS CONFIRMS THAT THE COUNCIL MET "TO DISCUSS HUMAN RIGHTS.") PAPPALARDO SAID NO DECISION HAD BEEN REACHED ON THE VISIT, AND THAT ONLY CENTRAL BANK PRESIDENT ACOSTA HAD SPOKEN OPENLY IN FAVOR OF IT. OTHERS HAD EITHER EXPRESSED RESERVATIONS OR WITHHELD THEIR VIEWS -- PRESUMABLY TO SEE WHERE STROESSNER HIMSELF WAS HEADING.

2. PAPPALARDO SAID STROESSNER WANTED A CONSENSUS. HE HAD LIMITED HIMSELF TO SAYING THAT HE WOULD NOT ADOPT A POSITION WHICH WOULD BE PREJUDICIAL TO THE DEVELOPMENT OF THE COUNTRY, AND ALLUDED TO THE FACT

THAT IN THE HISTORICAL CONTEXT, ONLY THE US HAD EVER DONE ANYTHING FOR PARAGUAY. IN CONTRAST, BRAZIL AND ARGENTINA OFFERED ONLY TROUBLE.

3. PAPPALARDO TOLD ME IT WAS ESSENTIAL THAT THE DOUBTERS BE CONVINCED ONCE AND FOR ALL THAT THE US REALLY DOES INTEND TO CURTAIL AID IF THE VISIT DOES NOT TAKE PLACE. TO ACHIEVE  
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THIS AND TILT THE DEBATE IN FAVOR OF ACCEPTING AN IAHRC INSPECTION TEAM, PAPPALARDO URGED THAT THE DEPARTMENT INFORM THE PARAGUAYAN REPRESENTATIVES ON THE IDB AND IBRD (ENCISO AND GUTIERREZ) THAT "THE US WILL OPPOSE ALL FUTURE LOANS" UNTIL THE QUESTION IS RESOLVED.

4. PAPPALARDO'S RECOMMENDATION THAT THE DEPARTMENT DEAL DIRECTLY

WITH ENCISO AND GUTIERREZ SHOWS HE NOW REALIZES THAT AMBASSADOR MARIO LOPEZ ESCOBAR IS INCAPABLE OF STRAIGHT REPORTING. ALTHOUGH PAPPALARDO'S OWN RECORD OF DEPENDABILITY ON THIS SUBJECT IS SHAKY, I SEE NOTHING TO LOSE AT THIS STAGE IN TRYING HIS LATEST GAMBIT.

5. HOWEVER THE CURRENT DEBATE WITHIN THE GOP TURNS OUT, A DECISION SEEMS IMMINENT. THE GOP IS NOW FACED WITH MOUNTING PUBLIC INTEREST, SINCE THE PRESS HAS REPORTED THAT THE USG HAS BLOCKED OR SOUGHT TO BLOCK CERTAIN IMPORTANT LOANS -- SUCH AS THE IDB'S TRANSCHACO COST OVERRUN LOAN AND THE IBRD'S OVIEDO-IGNACIO HIGHWAY LOAN, BECAUSE OF PARAGUAY'S REFUSAL TO DATE TO ALLOW IN THE IAHR. WHETHER THE PRESS TREATMENT OF THIS NEWS -- HEADLINES CHARGING US WITH "COERCION" AND EDITORIALS CRITICAL OF THE USG FOR MIXING POLITICS WITH ECONOMIC DEVELOPMENT -- WILL HELP OR HINDER THE DECISION WE WANT ON THE IAHR VISIT CAN BE ARGUED EITHER WAY. THE PRESS HAS ALSO REPORTED THAT THE JUST-RELEASED IAHR REPORTS ON URUGUAY AND PARAGUAY ARE MUCH EASIER ON PARAGUAY THAN ON URUGUAY, IMPLYING (MAYBE) THAT THE IAHR IS NOT ALL THAT FEARSOME.

6 THESE FACTORS PROMPT ME TO CONCLUDE THAT PERHAPS THIS WOULD BE A GOOD TIME TO SEND A STRONG SIGNAL TO THE GOP, COMBINING BOTH PAPPALARDO'S RECOMMENDATION AND EVEN MORE IMPORTANT, WHAT ASSISTANT SECRETARY TODMAN TOLD MONTANARO (STATE 47666), WITH THE SUGGESTION THAT THE GOP SHOULD CONSIDER INVITING IN THE IAHR RIGHT AWAY FOR A QUICK VISIT WHICH COULD RESULT IN A FURTHER SOFTENING OF ITS REPORT  
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BEFORE IT IS SUBMITTED TO THE OASGA IN JUNE. THIS MESSAGE COULD BE GIVEN TO ALL THREE PARAGUAYAN REPRESENTATIVES IN WASHINGTON - ENCISO, GUTIERREZ, AND LOPEZ ESCOBAR.

7. I AM PARTICIPATING IN THE INAUGURATION OF AN AID PROJECT IN PUERTO PRESIDENTE STROESSNER TOMORROW. THE PRESIDENT WILL ATTEND. I SHALL BE TRAVELING WITH PAPPALARDO, FONMIN NOGUES AND FINANCE MINISTER BARRIENTOS, AND PLAN TO GIVE THEM THIS SAME MESSAGE.  
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## Message Attributes

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